

SENATE CCS

Exhibit No. 2

Date 4-24-07

Bill No. HB-529

Amendments to House Bill No. 529
Reference Copy

Requested by Representative Bob Lake

For the House Conference Committee

Prepared by Jeff Martin
April 24, 2007 (10:34am)

1. Title, line 5.

Following: "~~PROPERTY~~,"

Insert: "REVISING THE EXEMPTION AMOUNT OF CLASS EIGHT PROPERTY;"

2. Title, line 7.

Strike: "UNDER"

Insert: "THROUGH"

3. Title, line 9.

Strike: "GUARANTEED" through "FUNDING"

Insert: "SCHOOL DISTRICT BLOCK GRANTS"

4. Title, line 12.

Strike: "APPROPRIATIONS AND"

Following: "7-1-2111,"

Insert: "7-1-2111,"

5. Title, line 13.

Following: "~~15-6-138~~,"

Insert: "15-6-138,"

Strike: "20-9-366"

Insert: "20-9-630"

6. Title, line 14.

Following: "~~DELAYED~~"

Insert: "A DELAYED"

Strike: "DATES"

Insert: "DATE"

7. Page 1, line 18.

Strike: "and rate reduction"

8. Page 1, line 19 through line 20.

Strike: "and tax rate reduction" on line 19

Strike: "UNDER" on line 19 through "833]" on line 20

9. Page 1, line 21 through line 22.

Strike: "IN" on line 21 through "833]" on line 22

10. Page 1, line 25.

Strike: "[" through "833]"

Insert: "[section 4]"

11. Page 1, line 26 through line 27.

Strike: "[" on line 26 through "833]" on line 27

Insert: "[section 4]"

12. Page 1, line 27.

Following: "GOVERNMENT"

Insert: ", "

13. Page 1, line 28.

Following: "DISTRICT"

Insert: "school district,"

14. Page 2, line 26.

Following: "20-9-630(2)."

Insert: ", and the office of public instruction shall distribute the reimbursement to school districts with block grants pursuant to 20-9-630(2) "

15. Page 2, line 30.

Following: "DISTRICT"

Insert: "and for each school district"

16. Page 3, line 3.

Following: "20-9-360."

Insert: "By June 15, 2008, the office of public instruction shall distribute the amount determined under this subsection (2)(b) as a block grant under 20-9-630."

17. Page 3, line 4.

Strike: "THE"

Insert: "Beginning in fiscal year 2009, the"

18. Page 3, line 7.

Strike: "15-1-121(7)"

Insert: "15-1-121(7)(b) "

19. Page 4, line 19.

Insert: "**Section 2.** Section 7-1-2111, MCA, is amended to read:

"7-1-2111. Classification of counties. (1) For the purpose of regulating the compensation and salaries of all county officers, not otherwise provided for, and for fixing the penalties of officers' bonds, the counties of this state must be classified according to the taxable valuation of the property in the counties upon which the tax levy is made as follows:

(a) first class--all counties having a taxable valuation of \$50 million or more;

(b) second class--all counties having a taxable valuation

of \$30 million or more and less than \$50 million;

(c) third class--all counties having a taxable valuation of \$20 million or more and less than \$30 million;

(d) fourth class--all counties having a taxable valuation of \$15 million or more and less than \$20 million;

(e) fifth class--all counties having a taxable valuation of \$10 million or more and less than \$15 million;

(f) sixth class--all counties having a taxable valuation of \$5 million or more and less than \$10 million;

(g) seventh class--all counties having a taxable valuation of less than \$5 million.

(2) As used in this section, "taxable valuation" means the taxable value of taxable property in the county as of the time of determination plus:

(a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and trucks having a rated capacity of three-quarters of a ton or less;

(b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and trucks having a manufacturer's rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;

(c) that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors;

(d) that portion of the taxable value of the county on December 31, 1997, attributable to trailers, pole trailers, and semitrailers with a declared weight of less than 26,000 pounds;

(e) the value provided by the department of revenue under 15-36-332(7);

(f) 50% of the taxable value of the county on December 31, 1999, attributable to telecommunications property under 15-6-141;

(g) 50% of the taxable value in the county on December 31, 1999, attributable to electrical generation property under 15-6-141;

(h) the amount of personal property reported under 15-6-219(2)(f);

~~(h)~~ (i) the value provided by the department of revenue under 15-24-3001;

~~(i)~~ (j) 6% of the taxable value of the county on January 1 of each tax year; and

~~(j)~~ (k) 45% of the contract sales price of the gross proceeds of coal in the county as provided in 15-23-703 and as reported under 15-23-702."

{ Internal References to 7-1-2111: x to all

7-1-2112	7-3-1214	7-22-2142	15-24-3001
15-36-332	15-39-110	80-7-814	

Renumber: subsequent sections

20. Page 18, line 8.

Insert: "Section 4. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage -- exemption. (1) Class eight property includes:

(a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies except those included in ~~class five~~ 15-6-135;

(c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters, and similar equipment that is skidable, portable, or movable, tools that are not exempt under 15-6-219, and supplies except those included in ~~class five~~ 15-6-135;

(d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors as provided in 15-6-220, and supplies except those included in ~~class five~~ 15-6-135;

(e) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;

(f) special mobile equipment as defined in 61-1-101;

(g) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(h) x-ray and medical and dental equipment;

(i) citizens' band radios and mobile telephones;

(j) radio and television broadcasting and transmitting equipment;

(k) cable television systems;

(l) coal and ore haulers;

(m) theater projectors and sound equipment; and

(n) all other property that is not included in any other class in this part, except that property that is subject to a fee in lieu of a property tax.

(2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

(3) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service, wholesale, retail, or food-handling business.

(4) Class eight property is taxed at ~~3%~~ 2% of its market value.

(5) The first \$100,000 or less in market value of class eight property of a person owned by an individual or business entity that owns an aggregate of \$20,000 or less in market value of class eight property is exempt from taxation as provided in

15-6-219."

{Internal References to 15-6-138: x to all

15-1-111	15-1-112	15-1-112	15-1-112
15-1-112	15-1-112	15-1-112	15-1-112
15-1-112	15-1-112	15-1-112	15-1-112
15-1-112	15-1-112	15-1-112	15-1-112
15-1-112	15-1-112	15-1-112	15-6-156
15-24-3001	76-6-109}		

Renumber: subsequent sections

21. Page 23, line 21.

Strike: "[SECTION 9];"

22. Page 23, line 25.

Following: "20-9-630,"

Insert: "20-9-630;"

23. Page 27, line 26 through page 29, line 6.

Strike: sections 7 through 9 in their entirety

Insert: "Section 9. Section 20-9-630, MCA, is amended to read:

"20-9-630. **School district block grants.** (1) (a) The office of public instruction shall provide a block grant to each school district based on:

(i) the revenue received by each district in fiscal year 2001 from vehicle taxes and fees, corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, and property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999; and

(ii) any reimbursement to be made to a school district pursuant to subsection (2).

(b) Block grants must be calculated using the electronic reporting system that is used by the office of public instruction and school districts. The electronic reporting system must be used to allocate the block grant amount into each district's budget as an anticipated revenue source by fund.

~~(c) With the exception of vehicle taxes and fees, the office of public instruction shall use the amount actually received from the sources listed in subsection (1)(a) in fiscal year 2001 in its calculation of the block grant for fiscal year 2002 budgeting purposes. For vehicle taxes and fees, the office of public instruction shall use 93.4% of the amount actually received in fiscal year 2001 in calculating the block grant for fiscal year 2002.~~

~~(2) If the fiscal year 2003 appropriation provided in section 248(1), Chapter 574, Laws of 2001, is insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall anticipate the prorated block grant amounts provided by the office of public instruction in their~~

~~budgets for fiscal year 2003.~~

(2) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section, the office of public instruction shall determine the reimbursement amount as provided in the enactment and add the appropriate amount to block grant distributions under this section. The total of reimbursement distributions made pursuant to this subsection in a fiscal year must be added to all other distributions to the school district in the fiscal year to determine the distribution for the subsequent fiscal year. The block grant percentage increases in subsections (4)(a) and (4)(c) do not apply to reimbursements made under this subsection for the fiscal year of the first reimbursement, but do apply to the block grant amounts in subsequent fiscal years that incorporate reimbursement added in previous fiscal years. For the purpose of this subsection, the "fiscal year of the first reimbursement" does not include the fiscal year in which the reimbursement under [section 1(2)(b)] is made.

(3) ~~Each~~ Except for the reimbursement made under [section 1(2)(b)], each year, 70% of each district's block grant must be distributed in November and 30% of each district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed.

(4) (a) The block grant for the district general fund is equal to the average amount received in fiscal years 2002 and 2003 by the district general fund from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.

(b) The block grant for the district transportation fund is equal to one-half of the average amount received in fiscal years 2002 and 2003 by the district transportation fund from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.

(c) (i) The combined fund block grant is equal to the average amount received in fiscal years 2002 and 2003 by the district tuition, bus depreciation reserve, building reserve, nonoperating, and adult education funds from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.

(ii) The school district may deposit the combined fund block grant into any budgeted fund of the district.

(5) The funding for block grants provided for in this section, including the reimbursement under [section 1(2)(b)], is statutorily appropriated, as provided in 17-7-502, from the general fund to the office of public instruction for distribution to school districts."

{ Internal References to 20-9-630:

20-9-141 x 20-10-144x } "

Renumber: subsequent sections

24. Page 29, line 11.

Strike: "DATES"

Insert: "date"

25. Page 29, line 11 through line 12.

Strike: "(1)" on line 11 through "THIS" on line 12

Insert: "[This"

26. Page 29, line 13 through line 14.

Strike: subsection (2) through subsection (3) in their entirety

- END -